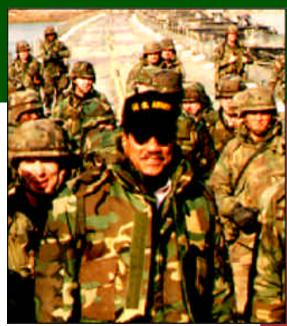
America's Army...



The World Today The threat of global war is diminishing, but...



Secretary West with American soldiers at the Sava River Bridge

"...the Army must be prepared to project its capabilities rapidly and effectively in support of the national strategy..."

Regional Instabilities

More Conflicts

Increased Commitments

Weapons of Mass Destruction

Drug Trafficking

✓ Rogue Nations

✓ Terrorism

The next generation of threats to U.S. security will come from a divergent array of sources

The Nation remains globally engaged to protect and promote U.S. vital interests

Land forces provide the Nation the full range of options for shaping the world environment

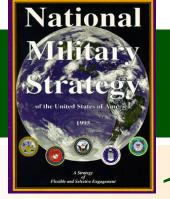


And soldiers are remaining deployed to preserve the peace longer than ever before

"Peace is not only better than war, but infinitely more arduous."

A Full Range of Capabilities to Support

the National Military Strategy



America's Army is the Nation's *Full Spectrum Force*

Fight and Win the Nation's Wars

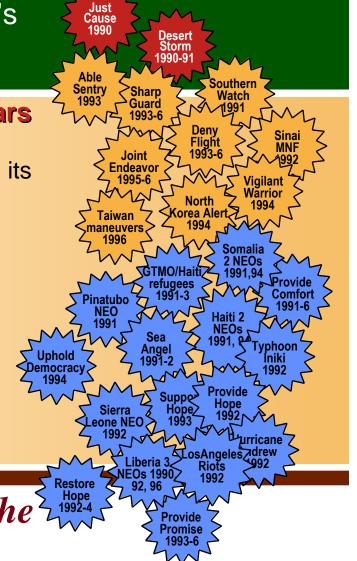
Exercise direct, continuing and comprehensive control over land, its resources and its people

Deterrence and Conflict Prevention

The deployment of land forces is the most compelling response that can be made, short of war, to demonstrate the national will to prevent conflict

Peacetime Engagement

Land forces are dominant in preventive defense activities ranging from nation assistance to counter-terrorism



America's Army -- operating across the full spectrum of conflict

Forward stationed and deployed soldiers provide stability essential to national prosperity

Engagement -- Personal Interaction -- "Boots on the ground"



"... more than 2 million American jobs depend upon trade with Asia." President Will

President William J. Clinton State of the Union Address, February 4, 1997



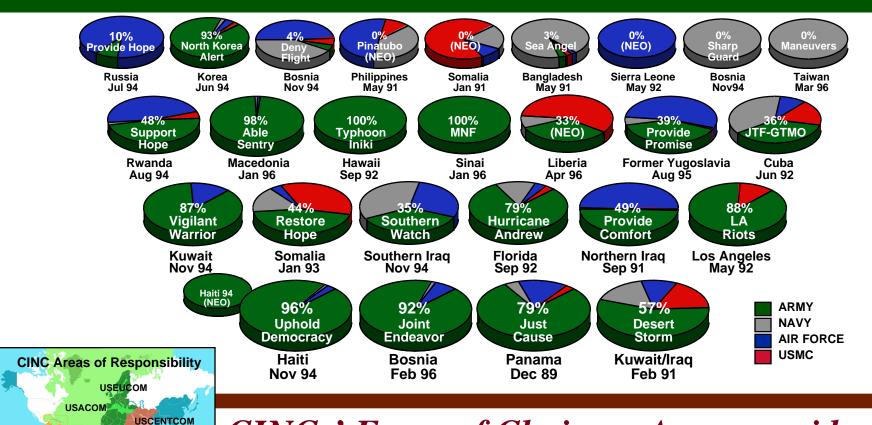
USPACOM

USSOUTHCOM

USPACOM

Land Forces Central to the success of Joint Operations

Strategically positioned -- Globally engaged -- Projecting powerful worldwide capabilities for the CINCs

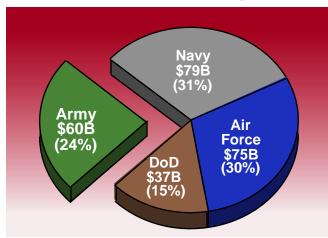


CINCs' Force of Choice -- Army provides the majority of forces in Joint Operations

The Army is a Cost-Effective Force Working to become even more efficient

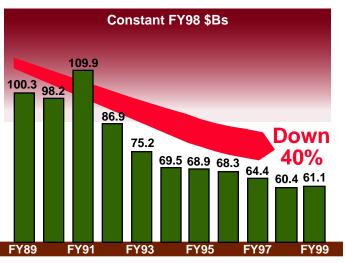
Providing the majority of committed forces

✓ For less than 1/4 of the annual Defense budget





While the Army's buying power has decreased almost 40% since 1989



Dollar for Dollar, providing critical, cost-effective capabilities

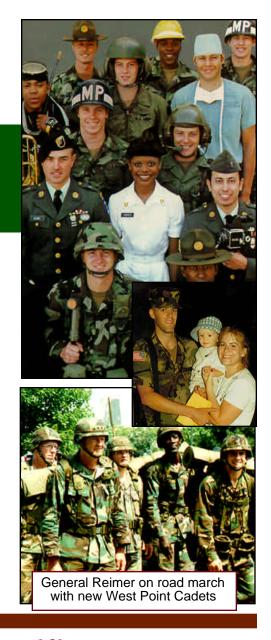
The World's Best Army *Quality Soldiers*

Committed to recruiting and retaining high quality people for the Full Spectrum Force

- ✓ Providing 266 career opportunities
- ✓ Enabling individual advancement \$40K Army College Fund
 - -- 25% of enlisted soldiers now have some college
 - -- 40% of commissioned officers have a master's degree or higher

Working to provide quality soldiers with the quality of life they deserve

- Improving living conditions
 - -- Accelerating barracks modernization by 8 years
 - Making major investments in whole neighborhood renewal for family housing
- Responding to soldier/family needs
 - -- Providing responsive, professional family medical care
 - -- Providing the best quality child care available



"Values -- duty, honor, country, courage, selfless service, respect -- they form a code by which we live."

General Dennis J. Reimer Chief of Staff, Army

Quality Civilians

Ensuring the professional growth of our dedicated civilians

Civilians are a major contributor to military readiness

- ✓ Provide direct support to military operations
- ✓ Over 28,000 Army civilians stationed overseas





A well-educated, professional civilian work force

- ✓ Army Intern Program prepares high potential civilians with important skills
- ✓ Army Management Staff College mid-career school equivalent to the Command and General Staff College
- ✓ Senior Service College senior level schools, selected civilians attend with senior military officers

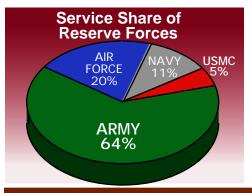
"The Army is not made up of people -- the Army is people."

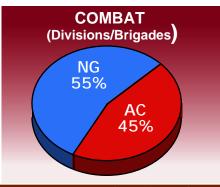
A Fully Integrated Force Active & Reserve

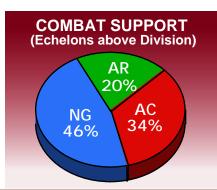
Reserve forces provide critical capabilities

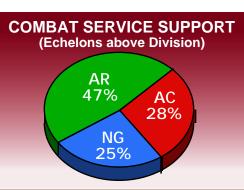
Reserve Components provide:

- -- 63% of Field Artillery
- -- 46% of Air Defense Artillery
- -- 60% of Medical force
- -- 98% of Civil Affairs and Psychological Operations
- ✓ Preparing 15 National Guard Brigades with enhanced readiness to reinforce the warfighting CINCs' needs
- ✓ Converting 12 National Guard Combat Brigades to Combat Support units to provide essential support functions
- ✓ America's Army Reserve is providing 74% of all Joint Reserve Forces committed in Bosnia









ACTIVE

ARMY 46%

Total Personne

NATIONAL GUARD

34%

MTOE Units: AC = Active NG = National Guard AR = Army Reserve

Restructuring to capitalize on each component's strengths

Managing Change... to meet the challenges of tomorrow

Responding to the fiscal realities the Nation faces

- ✓ Reducing Total Army Personnel by 646,000
- ✓ Reducing from 18 to 10 Active Divisions
- ✓ Restructured Reserve Forces capitalizing on inherent strengths



770K to 495K



457K to 367K



319K to 208K



Reducing force structure in all areas while restructuring to maintain needed capabilities

Becoming Even More Cost Effective... with new initiatives & efficiencies

Saving \$8.8B by adopting business practices / teaming with private industry

- ✓ Logistics Initiatives -- changing from supply based to transportation based, streamlining repair parts management, reducing order/ship times, achieving total asset visibility
- ✓ Training and Personnel Efficiencies -- reducing attrition, increasing use of simulation, and reducing Combat Training Center costs
- ✓ Acquisition Efficiencies -- consolidating Testing and Evaluation, streamlining Science and Technology, reducing Program Executive Office/Program Management organizations, streamlining contracting functions
- ✓ Infrastructure Efficiencies -eliminating headquarters and layers of management, consolidating and privatizing installation functions, closing or realigning installations --744 world-wide



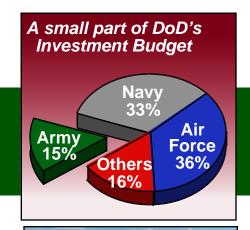




Reducing overhead and streamlining operations to achieve maximum cost efficiencies

Modernizing... to ensure tomorrow's capability

Implementing a modernization strategy with restructured investment priorities





- ✓ Attaining information dominance -enhancing operational effectiveness and efficiency through information-age technology
- Maintaining and focusing the Technology Base -attaining continuous full spectrum dominance and technologies needed for the Army After Next
- ✓ Funding recapitalization and technology insertion -extending the useful life of existing systems and reducing costs
- ✓ Investing in fewer new systems -maintaining the current degree of combat overmatch and enhancing the capability to project combat power
- ✓ Funding systems which provide capabilities across the spectrum of potential Army missions

Providing the Nation a cost-effective, properly sized, well-equipped and ready force -- now and into the 21st Century

Changing to Meet the Nation's Needs Today & Tomorrow

Army initiatives enable a process of strategic change

Fielding
Force XXI
while focusing
on the
Army After Next



To achieve continuous full-spectrum dominance

Continuing to Earn the Nation's Trust When we were needed, we were there



✓ Changing to Meet the Nation's Needs

"The Army is like a funnel. At the top you pour doctrine, resources, concepts, equipment, and facilities. And out at the bottom comes one lone soldier walking point."



General Harold K. Johnson Chief of Staff, Army 1964-68



Program Analysis & Evaluation Directorate